

3/17/05

BUSINESS RULES HISTORY

BACKGROUND: Over the past several years DLA has been concerned with material moving from the storage activity to disposal. The lack of accountability and visibility of excess stocks moving through the system has been documented by DoD IG and GAO. In April 1993, DLA established a Property Intransit to Disposal team to study and provide recommended solutions to the Property Intransit problem. As a result, the team briefed Material Management Supply and Distribution, asking permission to develop a prototype to “Market in Place”. This “Market in Place” concept would eliminate the double-handling of material assets moving to the DRMO, and maintain material accountability and visibility throughout the disposal process. To implement “Market in Place”, the Recycling Control Point (RCP) concept was developed.

DISCUSSION: The prototype was declared a success and approved Business Rules were established to implement the RCP brokering concept. The system design was developed to support the following objectives:

- Move information, not material
- Minimize intransit inventories
- Eliminate double-handling requirements
- Reduce DLA’s over-all costs

To this end:

1. The RCP will communicate reutilization, transfer, donation, and sales offerings electronically.
2. Material will remain in DDC warehouses and will be held in the RCP ownership account during the offering process.
3. Property will not be available for inspection by prospective buyers while stored in DDC warehouses.
4. RCP generated Material Released Orders will direct the movement of material to the RCP customer.

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The Material Management prototype determined the feasibility of the “Marketing in Place” concept and identified implementation resource requirements/impacts.

1. The “Marketing in Place” concept assumes a change of material ownership from the ICP to the RCP via issuance of the A5J to the DDC.

2. Upon the receipt of the A5J from the ICP, the DDC will conduct a retention count and initiate a rewarehousing action for material assets that are multi-owned and/or have a retention quantity. A retention count and rewarehousing action will be generated and uniquely identified to allow completion within 5 working days.
3. Losses/gains identified during the retention count/validation process will be reported to the ICP/Owner via D8_/D9_ transactions.
4. Upon completion of the retention count/validation process, the DDC will confirm the quantity of material assets available for disposal to the ICP/Owner via the AR_ transaction.
5. The DDC will ensure the protection of commingled/retention quantity held in storage. If subsequent inventory (after initial retention count/validation) is conducted, and the total physical on-hand quantity is less than the sum of all owner balances (including RCP), the adjustment will be taken from the RCP ownership account prior to adjusting the ICP/MILSVC balance. Record imbalances will be communicated to the RCP via a D9_ transaction. If the subsequent inventory reveals more than the sum of all recorded balances, (including RCP), the gain will be communicated to the ICP/MILSVC (purpose code "A") via a D8_ transaction, however, if a loss is identified, it will be taken against the S9W/RCP ("I" purpose) account via a D9_ transaction.
6. Concurrent with the DDC AR_ confirmation to the ICP/Owner, a D6_ receipt will be processed (to S(W, RCP material owner account), with "I" Purpose Code, indicating the R/T/D & S processes. The D6_ transaction to the RCP will perpetuate the data (e.g., document number) included in the initial A5J received from the ICP.
7. A5Js received from the ICP/Owner for the material assets having no retention quantity, or not commingled, will be confirmed by the DDC with an AR upon receipt of the A5J. An ownership change (book balance) will occur without retention quantity validation or generation of a material movement document.
8. At the point of DDC confirmation to the ICP, and generation of the D6_ transaction, the ownership of the material assets will change from the ICP to the RCP, and will be held in the DDC in an S9W (RCP) ownership account.
9. Exceptions to normal disposal processing that require special handling by the DDCs are: demilitarization, and/or destruction of material by the DDC. Once the ICP/Owner releases the A5J Disposal Release Order to the DDC, the following will occur:
 - a. Demil – Process owner initiated A5J and transfer appropriate quantity to the RCP. If the RCP can R/T/D or Sale material, no Demil action is required of the DDC. When material survives or is not eligible for R/T/D/ or Sale (e.g., Demil code C, D, E, F, and G, the RCP will initiate an A5J to remove material from the DDC. The DDC will perform demilitarization of F, G, & P Demil coded items.

b. Subsistence (FSC 89) – Upon DDC confirmation to the ICP/Owner, ownership will transfer to the DDC for immediate disposal action, bypassing RCP processing and will not be reported to the RCP.

c. Controlled items – A5Js generated for controlled items A-H, K, L, O, R, Q, S, T, 1-6, 8 or 9, will be confirmed to the ICP/Owner, transferring ownership of the material to the DDC (activity responsible for the destruction), and will not be reported to the RCP.

d. Destruction of Controlled Material/Subsistence is the responsibility of the DDC, who will provide the needed management oversight to maintain material accountability, visibility, and an applicable audit trail from receipt of the A5J to completion of the disposal action.

10. Material assets in condition code A, B, C, E, & F will remain in the DDC during the R,T,D, & Sales processes. Material assets in condition code D will remain in the DDC during the R, T & D process. If material survives the R, T, & D customer offering, the RCP will initiate an A5J to remove the material to a collocated DRMO for local sale or release to a term contractor. If material is designated for release to a term contractor, the RCP will generate an A5A and the material will be shipped as directed. The A5J will contain blanks in the retention quantity field (rp 55 – 61) to denote “ship exact” quantity.

11. The RCP, upon receipt of a D6_ transaction for hazardous material, will initiate an A5J for material disposal and transfer to the local DRMO. The DDC will key on A5J indicators and ensure containers are identified via appropriate markings. The RCP will control and direct movement of hazardous material. Hazardous material released for disposal by the DDC will be shipped on a 1 on 1 basis.

12. The DDC will confirm quantity issued in response to A5Js, to the ICP and/or RCP via an AR_.

ARJ - DDC shipping requested amount
ARK - DDC shipping more than requested amount
ARL - DDC shipping less than requested amount
A6J - Warehouse Refusal

13. The RCP will pass asset availability information to RCP National Sales Office (NSO) upon receipt of the D6_transaction. The NSO will begin to compile a catalog reflecting material description data and provide visibility via the World Wide Webb (WWW) for screening. The RCP customer offering (R,T & D) timeframe (42 days) will not begin until property descriptions are uploaded to the WWW approximately 9 days after the receipt of the D6_transaction.

14. The RCP will direct material movement via A5As for Reutilization customers who have valid DODACC's. The RCP will perpetuate all A5A data provided them via the customer's requisition. Material will be shipped in accordance with standard procedures.

15. The RCP will direct material shipments to RCP Transfer and Sales customers via A5A documents upon receipt of payment for material selected. Material selected by RCP Donation customers will be staged for customer pick-up. Customer pick-ups will be coordinated by the RCP Customer Liaison Representative. RCP owned material will move through the electronic customer offering process one time only. Material surviving RCP customer offerings will be offered for term contractor sales and removed from the DDC as directed via an A5A document.

16. The RCP may direct ship to RCP transfer customers via an A5A document. The A5A for RCP Transfer customers will perpetuate the RCP Transfer customer number appearing/assigned on the customers "Removal Authority Document", the SF122. This RCP assigned number will appear as the A5A document number, in rp 30-43. Therefore, the UIC in rp 30-35 is primarily a pseudo DODACC used in conjunction with Signal Code "M" (free issue) in rp 51. Material will be shipped to the addressee identified via a valid DODAAC appearing in rp 45-50, or to the address appearing in the exception data. The pseudo alpha/numeric coding in the supplementary address rp 45-50 may be used as a method of customer identification for cross-reference for leading the customers address identified as the exception data faxed to the DDC by the RCP for input into the DDCs name and address file.

17. The RCP will direct material movement documents for RCP Sales customers. RCP Sales customers will have SC4401 as the UIC in rp 30-35, Signal Code "M" in rp 51 and the RCP Sales customer bidder identification number appearing in rp 45-50.

- a. The RCP will fax to the DDC a copy of the 1348-1 concurrently with the generation of the A5A. The faxed copy will have the RCP Sales customer's address, and phone number appearing in the exception remarks. The DDC will key the exception data into the Name and Address file, the RCP Sales customer bidder number appearing in rp 45-50 and the RCP assigned Transportation Account Code (TAC) S4RS. This allows the RCP generated A5A to flow through as a normal material issue.

18. All RCP material will be shipped to the Transfer and Sales customers via the most cost efficient traceable means.

19. The RCP will direct material movement for all Donation customers via an A5A document. The DDC will stage all RCP selected material for Donation customer pick-up. The DDC will key on “M” Signal Code, SC4401 appearing in rp 30-35, and the pseudo address, YD____ appearing in the supplementary address, rp 45-50. RCP Customer pick-up will be coordinated via the RCP Customer Liaison Representative and the DDC POC. The RCP Customer Liaison Representative will validate the material with the customer prior to material release and will ensure that the appropriate documentation is passed to the DDC to post proof of shipment to the RCP, Battle Creek, MI.

20. The DDC will confirm quantity issued in response to A5As via and AR____

ARO – DDC shipping requested amount
ARA – DDC shipping more than requested amount
ARB – DDC shipping less than requested amount
A6_ - Warehouse Refusal

21. If the RCP Donation customer fails to pick-up the property, the RCP Customer Liaison Representative will provide the DDC with required Issue/Receipt/Release Document (IRRD) for A5A cancellation. The DDC will cancel the A5A back to the RCP and reissue an A5J to remove the material to the collocated DRMO.

22. The RCP will compare the D6_s received to Demil data in the DRMS Decision Support System (DSS). The DSS is an electronically developed program that keys on the NIIN, Demil and Management Codes, and the .Noun. NSNs found to have differing Demil codes will be visually inspected by the RCP Customer Liaison Representative “in-place” to validate the Demil codes.

23. RCP material that survives the R/T/D & S customer offering period will be aggressively marketed to term contractors. The RCP will direct the removal of the material via an A5A transaction. The DDC has the capability to use consolidation tables (as provided by RCP) to control the internal material movement process. These tables will also aid in grouping/containerizing individual line items or scrap lots for local sales, however, to utilize this option, the RCP must use an A5J transaction.

24. Material recall by the ICP/Material Owner after it has been declared excess material will be procured via the Reutilization process.

25. Funding

- a) Under discrete pricing, the RCP as a material owner, will incur material handling cost. (storage and material movement) as directed via shipment units (the same as any other ICP).
- b) The RCP will bear the cost of all material issues (MROs) generated for reutilization, transfer and/or donation customer, because these DRMS customers may select partial quantities and therefore require the generation of several MRO to issue the whole quantity of RCP-owned material from the DDC.
- c) The cost for RCP sales transactions and/or ultimate DRO will be recovered by the depot from the original Material Owner at the on-base discrete price (based on their DRO authorization to transfer material to DRMS).
- d) When off-base shipments are required, the transportation portion of the “off-base discrete cost “ (e.g., second destination transportation cost) will be charge/billed directly to the DRMS assigned Transportation Account Code (TAC) S4RS.
- e) Material movement units will be captured for MIS counts.
 - a) Pass to MIS all disposal transaction (A5Js) processed for the generation of a D6_transaction to the RCP, transferring ownership to RIC S9W, and changing Owner/Purpose Code to “I”. Ensure the Owner RIC passed with the A5J transaction is the ICP/Owner RIC directing the disposal.
 - b) Pass to MIS all A5A/A5J issue transactions directed by Owner RIC S9W, including mode of shipment, warehouse location, and dates offered/shipped. If A5A directed by S9W has a YT__ or YD__ in the supplementary address field, rp 45-50, pass MIS DIC A5T or A5D.